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# **RESHAPING THE STATE: ADMINISTRATIVE REFORM AND NEW PUBLIC MANAGEMENT IN FRANCE**

**Alistair Cole\* and Glyn Jones \*\***

**(\*Cardiff University and \*\*Kingston University)**

## **Contact Details**

**\* Alistair Cole, Professor of European Politics, School of European Studies, 65-68 Park Place, Cardiff University, Cardiff, CF10 4NP. Tel: +44 (0) 2920 875068. Fax +44 (0) 2920 874946. E.Mail: [ColeA@Cardiff.ac.uk](mailto:ColeA@Cardiff.ac.uk)**

**\* \* Glyn Jones, Student Life Office, Student Services, Penrhyn Road, Kingston upon Thames, Surrey, KT1 2EE. Tel: +44 (0) 20 8547 7837. Fax: +44 (0) 20 8547 7189. E.Mail: [g.r.jones@kingston.ac.uk](mailto:g.r.jones@kingston.ac.uk)**

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## **Abstract**

Starting from the new institutionalist premise of the differential receptivity of organisations to change, this essay examines the French administrative reform process between 1989-97. The two key reforms undertaken during this period both sought to delegate greater managerial autonomy to the ministerial field service level. We undertook semi-structured interviews with officials in the field services of three French ministries (Education, Agriculture and Infrastructure) in the Champagne-Ardenne region, as well as with members of the wider policy communities. The capacity of the field services to adopt a proactive approach to management reform depended on five key variables: internal organisational dynamics; the attitude of the central services to meso-level autonomy; the degree of institutional receptivity to change; the type of service delivery, and the extent of penetration in local networks. The Infrastructure Ministry was more receptive to management change than either Education or (especially) Agriculture, a receptivity that reflects the institutional diversity of the French administrative system, and that supports new institutionalist arguments. The essay rejects straightforward convergence to the NPM norm. Though the direction of change is rather similar in France to comparable countries, changes in public management norms require either endogenous discursive shifts or else need to be interpreted in terms of domestic registers that are acceptable or understandable to those charged with implementing reform.

Since the 1980s, the administrative reform agenda of OECD countries has been subjected to the growing influence of managerial ideas and practices which has been collectively referred to as 'New Public Management' (NPM) (Aucoin 1990; Wright 1994a; Ridley 1996). The attraction of such managerial concepts has been attributed to the financial constraints incurred as a result of the economic downturn in Western Europe since the 1970s and the subsequent need to contain public expenditure (Ridley, 1996). NPM advocates an end to the dichotomy between the public and private sectors and the deployment of private sector practices to improve the efficiency of public administration (Hood, 1994). This method places a greater emphasis on outputs and the attainment of results rather than an adherence to the general rules of procedure, which typified the traditional approach to public administration.

Hood (1991) identifies the following seven doctrines as comprising the NPM agenda:

- hands on professional management with public managers being given managerial autonomy and held accountable for their actions
- the definition of targets and the evaluation of the service's performance in terms of meeting those targets
- greater emphasis on output controls with resources being allocated on the basis of results achieved
- a shift to a disaggregation of units with centralised structures broken up into smaller manageable units
- the introduction of greater competition within the public sector to encourage higher standards at lower costs
- an emphasis on private sector styles of managerial practices
- a stress on greater discipline and parsimony in resource use in order to encourage public sector bodies to maximise their use of dwindling public resources.

The fact that many of the NPM doctrines featured in the respective administrative reform agendas in OECD countries led to claims of a new global paradigm in public management. Aucoin (1990) and Osborne and Gaebler (1992) both suggest that there is a move towards a

more entrepreneurial model of government amongst OECD countries to enable a more effective response to recent socio-economic developments and the challenges of today's world. In facing similar pressures for change, these authors argue that there will be a degree of institutional convergence in terms of countries being inclined to imitate each other. Predictions of the emergence of a global paradigm have been criticised, however, on the grounds that they do not take into account a country's institutional traditions (Wright 1994; Ridley 1996). The influence of institutional arrangements on a country's receptivity to change constitutes part of the new institutionalist approach to studying organisations. New institutionalism comprises a multi-theoretical approach to the study of institutions and organisational change and focuses on the way in which institutions embody values and power relationships (Hall and Taylor 1996; Lowndes 1996; Lowndes, 2001).

The aim of this paper is to establish whether the French administrative reform process undertaken between 1989 and 1997 can be categorised as convergent with the model outlined by Hood (1991); whether case-specific factors need to be incorporated into the convergence model, or whether convergent pressures produce discordant organisational responses. To prove the convergence hypothesis, we would need to demonstrate the capacity of the ministerial field service managers to engage in an autonomous reform process that falls within the general framework of reforms introduced in the majority of OECD countries. To refute the convergence hypothesis, we would need to demonstrate the reverse: namely a refusal on behalf of the field services to accept new managerial reforms, experienced as alien to accepted modes of appropriate behaviour. In either case we concur with Dreyfus (2002) that a micro-organisational analysis is required to understand organisational change and behaviour at this level.

To address these related questions, we undertook extensive fieldwork investigations into the effects of the 1989-92 Public Service Renewal and the 1995-97 Reform of the State programmes. Prior to considering the impact of the reform programmes, we will provide overview of the main institutional features of the French administrative system, the pressures for reform and how these underpinned the 1989-97 French administrative reform process.

## **The French Administrative System and Reforms**

The French administrative system has its origins in the Napoleonic model of administration where it was viewed as a force that would embody the power and legitimacy of the French state and the general interest of the nation as a whole (Stevens, 1996). This resulted in the establishment of a centralised and hierarchical administrative system which intervened in all aspects of the socio-economic life of the French nation (Knapp and Wright, 2001). Such state interventionism manifested itself in *dirigisme*, a statist pattern of decision making involving the state taking direct charge of the political and economic agendas and overseeing the implementation of public policy with minimal input from business interests (Schmidt, 1996). The *dirigiste* tradition has declined since the 1980s, a by-product of the globalisation of world markets, deregulation and the rise of consumerism (Schmidt 1996; Levy 1999; Hall 2001). In spite of this, senior French civil servants continue to view themselves as agents of state power who derive their legitimacy from defending an impartial and legalistic conception of state intervention against particularistic interests (Rouban 1995). The senior civil servants are members of the most prestigious administrative grades, the *grands corps*. The *grands corps* are traditionally classified as the three administrative *grands corps* comprising the Council of State, the Finance Inspectorate and the Court of Accounts, as well as the two technical corps of the Mining Corps and the Bridges and Highways Corps. These *grands corps* derive their authority either from their technical expertise (the Mining and the Bridges and Highways Corps), or from their location at the heart of the French administration (Kessler 1994).

The French notion of public service (*service public*) provides the foundation for the operational principles of the French administrative system and the rights and obligations of its officials (Clark 2000, Cole 2000). The doctrine of *service public* is used to refer to the terms and conditions of service of public officials as enshrined in the civil service code, *Statut général de la Fonction publique*, created in 1946. The code outlines the process by which an individual can become a public official, as well as stipulating the terms and conditions of service once that status has been acquired. From this perspective, *service public* provides a logic of appropriateness for the organisational behaviour of officials in discharging their responsibilities. The public sector trade unions have defended vigorously the traditional French notion of public service, requiring governments to proceed cautiously

when considering proposals to revise the terms and conditions of service of public officials (Claisse 1993, Siwek-Pouydesseau 1996, Chevallier 2003).

The French public policy literature identifies a set of challenges to the orthodox model of public policy-making from the 1980s onwards. Traditionally compartmentalised, inward-looking and procedural, the French administrative system has been subjected to a variety of pressures for change, of which European integration, decentralisation and the influence of changing management norms are identified by Muller (1992, 2000) as the key drivers. Growing European integration has increased pressures for greater inter-ministerial co-operation. Though French ministries remain highly compartmentalised (Smith, 2004), there are pressures to adopt a more joined-up approach to European issues (Lequesne, 1993). The EU principle of subsidiarity, which stipulates that decisions should be taken at the lowest possible, has provided impetus for greater autonomy to be delegated to the subnational levels, especially the regions, regional field services and prefectures (Oberdorff, 1992). Furthermore, the drive to achieve the convergence criteria for economic and monetary union has resulted in cost saving measures being taken to reduce public expenditure. In this way, the effects of Europeanisation have influenced the French administrative reform agenda.

The 1982-83 decentralisation reforms have had a much more direct impact upon the operation of the field services. The 1982-3 reforms provided local authorities - the 22 mainland regions, 96 départements and 36,500 communes - with an opportunity to develop their own expertise and to establish their own structures capable of delivering policies in accordance with the expectations of the local populace. The reforms thus marked a shift in the French administrative tradition, insofar as state representatives in the ministerial field services and the prefectures could no longer claim a monopoly over the provision of technical expertise and the implementation of public policies (de Montricher, 1995). The influence that the ministerial field services were able to exert on the local policy making process was now determined by the local authorities who could either involve them as partners or seek alternative sources of expertise (Grémion, 1992, Duran and Thœnig, 1996).

The tensions caused by the effects of Europeanisation and decentralisation together with the growing influence of NPM principles and practices generated pressures for administrative

reform. Reforms undertaken between 1981-88 highlighted the growing influence of managerial concepts (Albertini 2000, Chevallier 1988, Stevens 1988). During the 1980s, French administrative reform programmes were characterised by an increased emphasis on administration-user relations; a drive to improve the quality and efficiency of public service provision, and an attempt to encourage the active involvement of public officials in the reform process (Chevallier 1988). From 1981 onwards, there was a gradual move away from the traditional top-down approach to change that was shaped and overseen by the policy making elite, to one where the lower administrative levels (the field services) were key determinants of the outcomes of the reforms (de Montricher 1996).

These pressures for change informed the 1989-92 Public Service Renewal and the 1995-97 Reform of the State administrative reform programmes. The Public Service Renewal programme, introduced by Michel Rocard's government in February 1989, identified public officials and front line services, particularly at field service level, as providing the main impetus for change (*Circulaire du 23 février 1989*). Accordingly, managerial responsibilities were to be transferred to front line services at field service level to permit its managers greater autonomy in their operational management to effect the necessary changes. Traditionally, field service officials had felt marginalised from the reform process owing to their subservient role within the administrative hierarchy. They viewed reform processes with suspicion, and associated them with resource cutbacks (Barouch 1995). A key challenge for the Public Service Renewal programme was, therefore, the provision of incentive mechanisms for public officials, to encourage their active participation in the process, a problem compounded by the apparent lack of inducements in existing career management structures (Trosa 1996).

The Public Service Renewal programme comprised four main themes. Firstly, a reformed work relations policy sought to improve personnel management, training for staff and dialogue between management and officials. Secondly, field services were to be delegated greater responsibility in budgetary and administrative matters, which would permit the services more flexibility and responsibility in their operational management. Greater financial autonomy would be promoted by the block allocation of operational budgets, whilst increased responsibilities were conferred in real estate and human resource management, particularly in the recruitment of administrative staff at local level. Schemes



such as service plans (*projets de service*) and cost centres (*centres de responsabilité*) provided the framework for delegating greater managerial autonomy to the field services, as did the increasing use of contracts to define the relations between a central Ministry and its field services (Ryckeboër 1992).

The third theme constituted a commitment to evaluate the performance of public services in order to strengthen the accountability for both the policy and managerial performance of public programmes. An institutionalised and permanent system of evaluation was established with an Inter-Ministerial Committee for Evaluation, responsible for co-ordinating the process and for identifying those services or projects to be evaluated. Finally, there was a drive to improve the reception facilities and the quality of service provision to users. Services were to be made more user-friendly and accessible to the public through the use of new technology, the simplification of administrative procedures, and improved reception facilities with a more personalised service. As part of this drive, a Charter for Public Services was created in 1992.

The second significant administrative reform programme of this period was the Reform of the State introduced by Alain Juppé's government in July 1995 (*Circulaire du 26 juillet 1995*). Although the Reform of the State programme shared common themes with the Public Service Renewal reforms, a greater emphasis was placed on improving administration-user relations (Silicani, 1996). The reform programmes also differed in their respective implementation strategies, with Juppé advocating a centralised approach through requiring conformity of administrative services with national norms and prescribed procedures (Chevallier 1996, Guyomarch 1999).

The reform measures were structured around three main concepts (Service Public, 1996, p7). Firstly, the concept of a more simplified state sought to simplify state structures and procedures in order to facilitate public understanding of its processes. Measures included the improvement in the response times to public queries and each administrative service being required to display a Quality Charter that set out the commitments of the particular service to the user through identifying quantitative targets. Secondly, there was a drive to achieve a more accessible State to ensure that decisions were taken closer to the local communities on whom they impacted. This was to be largely facilitated through further

administrative decentralisation in human resource management and a rationalisation in the number of field services and corps to ensure more effective personnel management at local level.

Finally, the notion of a more responsible State aimed to make the French State more accountable for its actions. Field services were to be delegated greater managerial autonomy in the operation of their services especially in budgetary matters in order that they could be held directly accountable for their performance instead of the central ministry, which would assume a more supervisory role. A new appraisal system was envisaged which would assess the actual performance of officials. Additional measures sought to minimise the volume of regulations emanating from Paris through the prior analysis of a bill's anticipated impact and to maximise the French administration's real estate through conducting an inventory of usage.

### **In the Field**

Both the Public Service Renewal and the Reform of the State programmes viewed the ministerial field services as constituting the main impetus to change in what Guyomarch (1999) describes as 'a process of innovation at the periphery'. For the field services, the reforms represented a move away from compliance with procedures towards a more managerial ethos of attainment of targets. In this way, the reforms represented a cultural challenge for the field services in acquiring greater autonomy in their operational management and reducing their dependency on the central Ministries (Trosa 1995). The reforms envisaged the field services having greater control in determining the means by which policy objectives were to be achieved within a policy and resources framework set by the central ministry.

We carried out extensive fieldwork investigations in the ministerial field services during the period 1996-7<sup>1</sup>. We decided to focus upon the field services because the reform process had delegated them greater autonomy in their operational management. As the purpose of the empirical research was to ascertain the effects of the French administrative reform process on the ministerial field services, we adopted an actor-centred research methodology. Semi-structured interviews on the reform experiences pertaining to the Public Service Renewal

and the Reform of the State programmes were conducted with officials in the regional field services of the Education, Agriculture and Infrastructure Ministries situated in the Champagne-Ardenne region. The primary source of contact in each field service was the official in charge of applying the managerial reforms announced in the Rocard and Juppé programmes. These managers were ideally situated to make an assessment of the institutional facilitators and impediments to exercising greater managerial autonomy. As a means of verifying and extending the testimonies provided by the managers, we gained access to other staff from within each field service, as well as members of the wider policy community and - for Education and Infrastructure, though not Agriculture – officials in the Parisian headquarters of the ministries. Most of the data collection was carried between May 1996 and January 1997 (Jones, 2003), with follow up interviews conducted with Paris-based actors at various stages from 1999 to 2004<sup>2</sup>. The method adopted facilitated direct comparisons between three policy areas, insofar as our interview schedule posed a number of identical questions to functionally equivalent actors in each ministry.

We deliberately chose a small n. case (the three ministries) and used the semi-structured interview as our favoured methodological tool. We preferred a qualitative approach based on detailed interviews as more appropriate for understanding the actual dynamics of administrative change (the research question) than a quantitative approach ill-suited for the purpose. Drawing contrasts between three ministries allowed us to identify probable commonalities shared by other meso-level public administrations, as well as to identify sectorally specific influences in Education, Agriculture and Infrastructure. By selecting Champagne-Ardenne, we chose deliberately to investigate a non-exceptional French region. There is no tradition of strong regional identity, or of peripheral opposition to Paris. The territorial structure is rather typical of many of France's 22 regions. There is competition between the regional capital (Châlons-sur-Champagne) and the largest city, Reims. There is a standard degree of institutional rivalry between the regional council, the four departmental councils and city structures such as the Reims agglomeration. The political opportunity structure was rather representative of mainland France, with the main political competition between the centre-left PS, the centre-right UDF and Gaullist (RPR) parties and the far-right Front national (FN). The Champagne-Ardenne region thus presented an ideal neutral terrain for observing the activities of the field services.

How did we select our three ministries? We chose the Infrastructure Ministry in view of its field services' experience of managerial autonomy since the 1980s. In these circumstances, this field service could be expected to be more receptive to the managerial type reforms. We selected the Education Ministry on account of the modernisation process undertaken therein during the 1980s. Unlike Infrastructure, Education was perceived of as operating within a hierarchical and centralised system (Champagne, Cottureau, Dallemagne and Malan 1983). Finally, a regional directorate from the Ministry for Agriculture, Food and Fishing was selected in view of this ministry experiencing an unpredictable and fluid environment owing to the effects of Europeanisation and decentralisation (Granier 1992). Such pressures could induce a receptive context to change. We will now present research findings for each of the ministries in turn and evaluate whether there has been a convergence with Hood's model of NPM.

### **The Education Ministry**

More than any other, the Education ministry is organised along regional lines. Mainland France is divided for educational purposes into 24 sub-national academies, which more or less correspond to France's 22 regions (though there are three academies in the vast Ile-de-France region). A rector, the minister's direct representative in the provinces, heads each academy (also known as the rectorate). The rectorates are complex organisational structures with major service delivery responsibilities. The rectorate in Reims, for example, directly employs 400 staff and provides administrative and advisory support for all types of educational activity in the region. As the field service of the Education ministry, the rectorates ensure that policies are coherent and consistent with guidelines issued by the central ministry in Paris. They also endeavour to adapt educational policy to take local factors into account and are engaged in a series of relationships with other public, private and associative actors.

The Reims rectorate was involved in both the service plan and cost centre schemes under the 1989-92 Public Service Renewal programme. Most interviews within the Education ministry took place in 1996 and 1997, with a number of follow up interviews in Paris in 1999, 2000 and 2004. A summary of the research findings is shown in Figure 1. What

follows is an attempt to reconstruct the main themes emerging from interviews in the field, along the lines of the common interview schedule we adopted for the three ministries.

**Figure 1: Facilitators/Obstacles to Change found in the Rectorate of the Education Ministry**

<b>OBSTACLE/FACILITATOR</b>	<b>IMPACT ON RECTORATE</b>
<b>Facilitators to Change</b> <ul style="list-style-type: none"> <li>• <i>Globalised budget for operational costs</i></li> <li>• <i>Cost centre status</i></li> <li>• <i>Computerisation</i></li> </ul>	<ul style="list-style-type: none"> <li>• Increased financial flexibility</li> <li>• Greater autonomy for the rectorate in setting targets and allocating appropriate resources</li> <li>• Improvements in internal communication and co-operation</li> <li>• Increased flexibility for divisions in determining resources for target attainment</li> <li>• Enhancement of working practices</li> </ul>
<b>Obstacles to Change</b> <ul style="list-style-type: none"> <li>• <i>Regulatory controls of Finance Ministry</i></li> <li>• <i>Budgetary cutbacks</i></li> <li>• <i>Civil Service Code</i></li> <li>• <i>Defensive outlook of trade unions</i></li> <li>• <i>Hierarchical relationship with Central Ministry</i></li> </ul>	<ul style="list-style-type: none"> <li>• Minimise financial room for manoeuvre</li> <li>• Insufficient funds to cover operational costs - resourcing shortages</li> <li>• Difficulties in motivating staff</li> <li>• Traditional perceptions of role upheld</li> <li>• Continued dependency on Ministry</li> <li>• Rigidity of regulatory framework</li> <li>• Traditional perceptions of role upheld</li> </ul>

Participation in the cost centre scheme enabled the service to exercise greater control over its finances through the allocation of a globalised budget to cover operational costs. The new funding arrangements afforded the rectorate greater flexibility in its budgetary management. As finances were no longer being specifically allocated to certain items of expenditure, cross-transfers between budgetary categories were facilitated. Participation in

the service plan and cost centre schemes also provided the rectorate with greater flexibility in agreeing performance targets with the central Ministry and in determining the means by which these were to be achieved. As part of the process of devising targets, each division within the rectorate was required to reflect upon its own role and how it contributed to the operations of the service as a whole. It was hoped that this would induce greater co-operation between the divisions, and mark a move away from the traditional compartmentalised working practices, though there was no firm evidence that it had produced this effect.

More tangible change was noticeable within the operation of the main divisions, which were each delegated greater autonomy in determining ways in which the quality of their service provision could be improved to the public. Staff in the exams division had used this opportunity to carry out an audit on the time spent on responding to outside queries. The outcome of the audit was a recommendation that a receptionist be appointed in the light of findings showing that 30% of staff's time was spent responding to queries of this nature. Similarly, in the division for inspectors and administrative staff, officials recommended an improvement in internal communication channels between the various sections comprising the division in order to improve the response time to internal and external queries. Respondents found these experiences motivating owing to their perception that they were actively contributing to the rectorate's goal of improving its service to French citizens. Computerisation was also found to have had a positive impact on the rectorate's operations, both through enabling the secretary-general to have a better understanding of the service's operations and in permitting officials to undertake projects in their entirety, thereby reducing their reliance on the line manager.

If management reform brought some benefits, the reform programmes were severely criticised across the rectorate. Firstly, the financial room for manoeuvre afforded under the cost centre scheme was minimised by the regulatory controls imposed by the local paymaster of the Finance Ministry. The section head of the Financial Affairs division referred to how the local paymaster still required a justification for all items of expenditure, enhanced budgetary decentralisation notwithstanding. Moreover, the Finance ministry insisted upon the need for the rectorate to forecast accurately its predicted expenditure on

operational costs (in theory at the discretion of the field service) at the beginning of the financial year. The continuing weight of the Finance ministry on the daily operations of the Educational field service was resented and undermined the innovation of the cost centre scheme. At the same time, budgetary cutbacks were introduced as part of an overall drive to reduce public expenditure. As a result, the central ministry reneged on its financial commitments to the field service under the cost centre agreement. This decision made it more difficult for the service to achieve its targets within the specified time frame. This episode highlighted the problem of 'pluriannual' policy initiatives in a context marked by the annual budgetary process.

A number of related themes emerged from interviews within the Reims rectorate, three of which elucidate the difficulties of implementing public service reform in France. We will consider these in order of increasing importance. First, staff motivation was identified as being one major obstacle to successful implementation, since financial shortages often resulted in a greater workload being undertaken by fewer personnel. Second, the trade unions were openly suspicious of moves to delegate greater responsibility to the field services, fearing this would lead to privatisation and an eroding of the established concept of public service. But the main obstacle related to the difficulties felt by permanent officials to adapt culturally to exercising greater managerial autonomy, as they were used to functioning in a hierarchical relationship with the central ministry. Officials complained of a lack of training to cope with new responsibilities and about the volume and complexity of regulations emanating from the central ministry that they were required to apply to their working practices. Somewhat paradoxically, the growing workload incurred by the new regulatory framework served to reinforce traditional perceptions of the field service officials' role as implementers of policy, rather than being innovators at the periphery. This image of the limited capacity for policy learning of mid-ranking officials was confirmed by sources interviewed in the Paris central ministry from 1999 to 2004.

### **The Agriculture Ministry**

Unlike the Education ministry, the Agriculture ministry in France is not primarily a regionalised structure, though it does have a regional service. Most day-to-day negotiations occur at the level of the 96 departmental directorates, themselves in close contact with

producers, the farming unions, the central divisions of the ministry (and their European interlocutors). Nonetheless, the reform of the state programme was applied to regional, as well as departmental divisions. In the interests of comparability with Education, we focussed our empirical attention on the regional service of the Agriculture ministry in Champagne-Ardenne.

Since the 1980s, the field services of the Agriculture ministry have been confronted with an unpredictable and increasingly fluid environment (Granier 1992). The 1982 decentralisation reforms produced strengthened local authorities that constituted policy-making rivals, whilst the effects of Europeanisation, particularly the Common Agriculture Policy, gradually shifted core agricultural policy responsibilities to Brussels. The cumulative effect of these pressures is that the Agricultural field services are striving for a new identity. They face a range of potential futures, with options ranging from being a local technical institution at the service of the prefecture, a body charged mainly with implementing national and EU directives or a genuine stakeholder in a local or regional policy network. Such a state of flux within Agriculture was compounded by the Reform of the State proposals to merge the ministry's field services at department level with the corresponding services of the Infrastructure ministry.

Fieldwork investigations were carried in the regional directorate for Agriculture and Forestry in Châlons-en-Champagne. The main functions of the regional directorate are the co-ordination of agricultural policy in the region and adapting national policies to suit the local context. The directorate also plays an important role in the distribution of agricultural subsidies and funding, the provision of agricultural training and the regulation and supervision of agricultural activities within the region. The research findings for the directorate are summarised in Figure 2 below.

Consistent with the actor-centred approach we identified above, we now venture inside the regional service of the Agricultural ministry. As in Education, the main benefit of the reforms cited by the regional director and his deputy was the allocation of a globalised budget to cover operational costs. Such budgetary decentralisation had the potential to permit cross-transfers between budgetary categories and enabled the directorate to have more control in the deployment of its resources. The regional director also pointed to



greater autonomy in human resource management through having greater discretion in determining salary levels, providing the length of service and the grade of a particular official were taken into account, and through being able to determine the choice of department for a new member of staff.

**Figure 2: Facilitators/Obstacles to Change found in the regional directorate for Agriculture and Forestry.**

<b>OBSTACLE/FACILITATOR</b>	<b>IMPACT ON DIRECTORATE</b>
<b>Facilitators to Change</b> <ul style="list-style-type: none"> <li>• <i>Globalised budget for operational costs</i></li> <li>• <i>Greater autonomy in human resource management</i></li> </ul>	<ul style="list-style-type: none"> <li>• Greater flexibility in financial management</li> <li>• More control over staff</li> </ul>
<b>Obstacles to Change</b> <ul style="list-style-type: none"> <li>• <i>Regulatory controls of Finance Ministry</i></li> <li>• <i>Budgetary cutbacks</i></li> <li>• <i>Civil Service Code</i></li> <li>• <i>Defensive outlook of trade unions</i></li> <li>• <i>Hierarchical relationship with Central Ministry</i></li> </ul>	<ul style="list-style-type: none"> <li>• Minimise financial room for manoeuvre</li> <li>• Insufficient funds to cover operational costs and basic operations</li> <li>• Staff disillusionment with reform process</li> <li>• Lack of incentives for staff</li> <li>• Traditional perceptions of role upheld</li> <li>• Interference in operational management</li> <li>• Rigidity of regulatory framework</li> <li>• Traditional perceptions of role upheld</li> </ul>

However, in the view of most respondents in the directorate, regulatory controls and severe resourcing shortages negated these benefits. The requirement for detailed budgetary forecasting and the need for subsequent revisions to require the approval of the local paymaster minimised any financial room for manoeuvre afforded by the globalised budgets

for operational costs. Furthermore, both the regional director and his deputy maintained that budgetary cutbacks impeded the directorate's capacity to discharge even its core responsibilities, let alone any new initiatives. Not only did the directorate had difficulty in paying its heating and telephone bills, but staff who transferred to other services or who retired were not being replaced. In ten years, the number of staff working in the directorate had fallen from 75 to its level (in 1996) of 35. Furthermore, the budgetary cutbacks had affected the ability of the directorate to apply key aspects of the reform programmes to its operations. This was particularly evident in relation to the drive to improve reception facilities, where financial shortages had forced to regional director to cut back on the receptionist post in the service.

According to all respondents, the budgetary cutbacks had a serious effect on the morale of staff, making it difficult for the officials in the directorate to undertake all the functions that were required of them. There was disillusionment with the reform process amongst staff because of its association with dwindling resources. There was also a lack of incentives for participation in the reform process, with the regional director arguing that the civil service code provided little discretion to reward hard working officials. Under the current appraisal system, length of service and grade still remained the key criteria for promotion, with minimal inducement for officials to strive to improve their performance. Respondents pointed to how this system was upheld by the trade unions, justified by the doctrine of equality of opportunity and treatment amongst officials.

The directorate continued to maintain a hierarchical relationship with its central ministry. The deputy director maintained that the unfamiliarity of central officials with the working conditions at field service level contributed to the complex and growing volumes of regulations, especially in relation to the Common Agricultural Policy and consumer protection. This lent itself to a continued dependency on the central Ministry for advice and information in interpreting and applying directives. Respondents in the directorate affirmed that the central Ministry continued to emphasise compliance with procedures, which provided it with a justification for constant interference in the service's operational management. Such a scenario reinforced the status quo and minimised any opportunity for the directorate to exercise greater autonomy in its operational management.

## **The Infrastructure Ministry**

During the period of post-war economic and urban expansion, the Infrastructure ministry occupied a powerful position in the ministerial hierarchy. The technical expertise of its services traditionally promoted a sense of pride amongst its agents (Thoenig 1973). By the nature of its activity, the Infrastructure ministry has always had a powerful territorial presence, its role being both as a direct service delivery agency (building roads and bridges, town planning) and as a source of recognised technical expertise for French local authorities. Its territorial divisions are very closely associated with the operation of the technical grands corps (Mines, Highways and Bridges), ensuring the interests of the ministry are permanently relayed to the central French state machinery.

The infrastructure ministry has also had a long tradition of administrative innovation. Even before the 1982 decentralisation reforms, the ministry had engaged its own processes of contractualisation between the central divisions and its regional and departmental divisions. More than any other, Infrastructure has been proactive in attempting to safeguard its positions, that have been openly challenged by successive decentralisation reforms. It was able to anticipate and integrate the 1989-92 Service Reform programmes in a far less problematical way than either Education or Agriculture.

Most data collection took place in the regional directorate of the Infrastructure ministry based in Châlons-en-Champagne. The role of the regional directorate was to formulate technical policies in construction, planning and highways maintenance, as well as having responsibility for the distribution of state funds in infrastructure, housing and town planning. In addition, the regional directorate worked closely with local businesses on industrial policies and socio-economic development and with local authorities in terms of road construction. The empirical research collected from the regional directorate is shown in Figure 3.

The regional director cited two main benefits of the reforms. Firstly, the provision of a globalised budget to cover operational costs facilitated the transfer of funds between budgetary categories to cover any anticipated shortfalls. The directorate had the potential to devise new resourcing combinations that would underpin those areas of strategic priority for

the service. Secondly, the directorate was delegated greater responsibility in managing its administrative staff in respect of their appraisals, promotion boards and disciplinary procedures now being conducted at local level. There was also an increased emphasis on training for staff to enable them to contend with their newly allocated responsibilities. The regional director pointed out that the directorate was receptive to the application of private sector practices to its operations, as envisaged by the respective reform programmes, owing to its close working relationship with private businesses.

**Figure 3: Facilitators/Obstacles to Change found in the regional directorate for Infrastructure.**

<b>OBSTACLE/FACILITATOR</b>	<b>IMPACT ON DIRECTORATE</b>
<b>Facilitators to Change</b> <ul style="list-style-type: none"> <li>• <i>Modernisation programme undertaken during 1980s in Ministry</i></li> <li>• <i>Globalised budget for operational costs</i></li> <li>• <i>Greater autonomy in human resource management</i></li> <li>• <i>Collaborative work with local businesses</i></li> </ul>	<ul style="list-style-type: none"> <li>• Previous experience of managerial autonomy in operations</li> <li>• Less compartmentalisation between budgetary items - facilitate cross-transfers</li> <li>• More control over administrative staff in relation to appraisals, promotions</li> <li>• More receptive to private sector practices</li> </ul>
<b>Obstacles to Change</b> <ul style="list-style-type: none"> <li>• <i>Regulatory controls of Finance Ministry</i></li> <li>• <i>Budgetary cutbacks</i></li> <li>• <i>Staff disillusionment with reform process</i></li> <li>• <i>Defensive outlook of trade unions</i></li> </ul>	<ul style="list-style-type: none"> <li>• Minimise financial room for manoeuvre</li> <li>• Difficulty in sustaining core operations and collaborative work with local businesses</li> <li>• Less inclination to participate owing to lack of visible progress</li> <li>• Inability to participate in reform working groups due to increased workloads</li> <li>• Rigidity of regulatory framework</li> <li>• Unions' reluctance to endorse further delegations of managerial autonomy to local level</li> </ul>

As with the examples of Education and Agriculture, the regional director for Infrastructure regretted that the financial room for manoeuvre afforded by globalised budgets for operational costs was offset by a combination of the regulatory controls imposed by the Finance Ministry and budgetary cutbacks. The directorate was required to submit detailed plans on its proposed budgetary expenditure for the next financial year, with subsequent revisions necessitating the approval of the local paymaster. The budgetary cutbacks experienced by the directorate entailed difficulties for the service in discharging its core responsibilities, which was particularly problematic in the light of the collaborative work undertaken with local businesses. Accordingly, one technician interviewed feared that such cutbacks would undermine his unit's reputation for innovation and high quality work, which might lead local businesses to look elsewhere for technical support. Nevertheless, the regional director claimed that the directorate's previous experience of budgetary autonomy and exposure to private sector practices made it better equipped than field services in other Ministries in contending with resourcing shortages.

Budgetary cutbacks increased the workload amongst declining numbers of staff. The officials interviewed complained that increasing volumes of work precluded their participation in the working groups that were set up to discuss how the reform measures would apply to the directorate's operations. Respondents claimed that a key source of their growing workload were the difficulties in adapting centrally devised directives to the local context. Their main contention, not shared by the regional director, was that the central ministry had unrealistic expectations of its field services in terms of the staffing and resources available at this level. The situation was compounded by the increase in regulatory controls to which the directorate was subjected to ensure that the service was discharging its responsibilities in accordance with the expectations of the central ministry.

The regional division of the Infrastructure ministry was the most independent and innovative of our sample. Its ability to develop a territorial focus was strengthened by the nature of its policy activity (bringing Infrastructure into daily contact with local and regional authorities), by its location within local communities, as well as its powerful position within the French State. Ultimately, the Infrastructure ministry is more threatened than either Education or Agriculture by the related movements of decentralisation (which empowers other authorities and agencies) and Europeanisation (especially EU competition

policy which has opened up public tenders). Complying with the spirit of the Public Service and Reform of the State programmes made organisational sense, as it could only enhance the ministries' reputation for efficiency and technical expertise.

## **Evaluation of Research Findings**

In the introduction we set out to investigate whether public administration in France has converged with those in a majority of OECD countries in adopting the norms of New Public Management. We took the model of NPM as outlined by Hood (1991) as our benchmark, emphasising the importance of managerial autonomy, targets and performance criteria, decentralised management structures, competition to lower costs, the use of private sector management techniques and financial parsimony.

The Public Service Renewal and Reform of the State programmes were designed to enhance the managerial autonomy of the field services, notably through introducing more financial and organisational decentralisation and through agreeing common targets in contracts. While there was support for management reforms from government and from some high-ranking civil servants, there was stiff resistance from middle-ranking officials in the field services. We identified a number of features common to each ministry. There was a new management discourse that bore superficial resemblance to NPM discourses elsewhere. On the other hand, certain themes of NPM were clearly beyond the pale, such as performance related pay criteria, the explicit reference to private sector management techniques or the valorisation of competition for its own sake. The capacity of the ministerial field services to engage in the reform process was constrained by the resilience of traditional institutional features within the French administrative system, features that were particularly marked at the meso-level. The regulatory controls imposed by the Finance Ministry served to minimise the financial room for manoeuvre of the field services vis-à-vis their operational costs. The civil service code offered little incentive to officials to participate actively in the process and ensured that issues of pay and service were not related to performance. In each of these ministries, strong public sector trade unions kept terms and conditions of service of officials under close scrutiny. There was little inclination from middle-ranking officials to comply with these new organisational norms. The drive

to reform public service became equated, in a negative sense, with dwindling public resources. Low staff morale diminished the chances of effective implementation.

On the other hand, our survey revealed some evidence that the field services are gradually becoming accustomed to exercising greater managerial autonomy and applying managerial practices to their operations. They no longer exist in such a hierarchical relationship with their central ministries. A more sophisticated analysis needs to differentiate between the three ministries, as well as identifying features common to all of them. In addition to the internal dynamics and attitudes specific to each service, the capacity of the field services to adopt a proactive approach to management reform depended on a number of variables, of which we identify four main ones: the attitude of the central services to meso-level autonomy; the degree of institutional receptivity to change; the type of service delivery, and the extent of penetration in local networks.

The *attitude of central services* to meso-level autonomy was vital. Irrespective of the law, central ministries varied in their willingness to allow the field services' greater managerial autonomy and to move away from traditionally hierarchical relationships (Fraisie 1992). While Infrastructure had a long tradition of innovation, the Agriculture and Education ministries provided ample evidence of the resilience of traditional institutional features. In Education, for example, rival central divisions and the Minister's office (*cabinet*) routinely interfered in field service operations by maintaining specific contacts with their corresponding divisions or contacts on the ground. In this way, the compartmentalisation (*cloisonnement*) of the French administrative system was played out at the meso-level, making regional co-ordination and the development of more autonomous forms of management very difficult.

The capacity of the field services to engage in management reforms testified to a *diversity in receptivity to change* within the French administrative system. We were sensitive to the diversity of approaches adopted on the ground by the field services of the different Ministries. In response to the 1982-83 decentralisation reforms, several ministries undertook modernisation programmes at field service level. Field service managers in the Infrastructure ministry, for instance, were delegated greater managerial autonomy in budgetary and human resource management from 1983, within the framework of a

contractual agreement with the central ministry (Duran 1993, Pavé 1992). Similarly, the Education ministry delegated increased budgetary autonomy, more flexible human resource management and greater control over pedagogical direction to its regional field services, the rectorates (Cole, 1997). In the new institutionalist tradition, these organisational inheritances are important variables. Those ministries that had engaged in reform processes prior to the introduction of the Public Service Renewal programme in 1989 found it much easier to implement change than others. Infrastructure was the most dynamic, followed by Education and Agriculture.

The *type of service delivery* is another important variable. Clark (1998) contends that the field services of those ministries engaged in business-type activities are more susceptible to managerial reforms than those ministries involved in purely administrative functions. Infrastructure has always had close relationships with the private sector and local government, bringing its agents into contact with decision-makers beyond central government. Education has by far the most sizeable field services, making it the most similar to a classic bureaucratic organisation. While size reduces proximity, the type of service delivery – curriculum design, teacher mobility, demography, inspection – ensures that the Education ministry operates in an interdependent policy space. The search for more efficient management practices is the counterpart to the development of closer inter-organisational relationships. In most French regions, good working relationships have developed between the academies and the regional authorities, bringing many Education officials into daily contact with local and regional politicians and pressure groups. The Agricultural ministry stands apart from the others. Its ability to develop a specifically regional policy is limited by the nature of the policy sector (agriculture being a Europeanised domain), by the EU, by the national and departmental focus of farm pressure group activity and by the relative weakness of agriculture as a territorial department (35 officials in Champagne-Ardenne, against over 400 for Education).

Closely related to service delivery, the proximity to local or regional policy networks is another important variable. The development of a regional public sphere is an essential feature of sub-central French governance. By regional public sphere, we signify an arena within which a plurality of organisations interacts. These include local and regional authorities (empowered since the early 1980s), regional prefectures, the regional field



services of central ministries, as well as associations organised on a regional basis and social partners. These organisations come together in a variety of formal (contractual) and informal ways. The precise nature of relationships varies across different sub-central spaces, a theme of analysis that goes beyond the current exercise. The influence of field services depends not only upon the vertical relationships they maintain within their ministries, but also upon the degree to which they are embedded within local (especially city) and regional communities. This degree of embeddedness is more important for certain ministries than others. Infrastructure, Education and Agriculture each maintain distinctive relationships with their client groups and there is some evidence that these vary in different places. Good inter-organisational relationships can determine whether the local authorities involve the field services as partners (essential for the Infrastructure ministry) or else seek alternative sources of expertise (Grémion, 1992). Some field services have made considerable efforts to establish themselves as legitimate actors in the eyes of local actors (Duran and Thœnig, 1996).

These combined trends were most visible in the Infrastructure Ministry, where the field services had the most prior experience of exercising greater autonomy in their operational management, together with a history of good collaboration with businesses and local authorities. The Infrastructure Ministry was more receptive to management change than either Education or Agriculture, a receptivity that reflects the institutional diversity of the French administrative system. Innovation was somewhat weaker in the field services of the Education and (especially) Agriculture Ministries. But there was evidence of cultural change within both ministries. The Public Service Renewal and the Reform of the State programmes provided these field services with experience of having greater control in their operational management, especially in financial and human resource matters. This symbolised a move away from a traditional mindset of dependency on the central Ministries towards one where the field services could exercise greater autonomy in their operational management and be held more accountable for their own actions. Our research findings highlighted the incremental nature of such a transformation.

We reject a straightforward convergence model. Countries faced with comparable pressures often adopt dissimilar responses consistent with their own political and institutional traditions. The ideological underpinnings of the NPM debate do not find a receptive terrain

in French public administration. At the very least, management changes need to be domesticated before they enter into the domestic acquis. On the other hand, many of the underlying themes of the NPM are also applicable to French public administration. The language of performance targets is not that of French public administration, for instance, but that of contracts, partnerships and joint projects is. The substantive developments uncovered by these rival concepts are not fundamentally dissimilar: how to bring public administration closer to citizens, how to improve service delivery, how to increase efficiency and to improve inter-organisational relations. Case-specific factors (such as the ideology of public service, the civil service code or the honeycomb organisation of the French state) are clearly important and mediate the influence of the new public management paradigm. To this extent, we agree with Hood (1995) that countries will only select those aspects of the NPM agenda that correspond to their own specific institutional context. The direction of change, however, is, on balance, rather similar in France to comparable countries.

## References

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<sup>1</sup> Glyn Jones carried out [x] number of interviews in Champagne-Ardenne in 1996-97. [GLYN. HERE YOU NEED TO GIVE THE DATE OF THE INTERVIEW, THE FUNCTION – BUT NOT THE NAME – OF THE OFFICIAL INTERVIEWED. MENTION ALL INTERVIEWS YOU DID]

<sup>2</sup> Alistair Cole carried out 20 interviews with officials in the Education and Infrastructure ministries in 1999, 2000 and 2004. Most were carried out in the Parisian headquarters of the education ministry in 1999, 2000 and 2004, dealing specifically with the themes of contractualisation, evaluation, political and administrative decentralisation and management reform. In 2004, Alistair Cole also carried out elite interviews in the Infrastructure and Culture ministries on the same themes. The 2004 fieldwork formed part of the 'Governing and Governance in France' large research project financed by the British Academy from 2004 to 2006 (LRG-37213). Alistair Cole warmly thanks the British Academy for its support. The 1999 and 2000 interviews formed part of the project entitled 'The Governance of Educational Change in England and France' financed by the Nuffield Foundation (SGS/LB/0278). Alistair Cole is very grateful to the Nuffield foundation.